AMERICAN VANADIUM CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2012

Background

This management discussion and analysis ("MD&A) of financial position and results of operations for American Vanadium Corp. (the "Company" or "American Vanadium") is prepared as at May 23, 2012. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2012 and with the Company's audited financial statements as at and for the ten months ended December 31, 2011.

Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Change in financial year

In 2011 the Company changed its financial year-end from February 28 to December 31 in order to align its financial reporting with its operational and budgeting cycles. The Company's most recent annual fiscal period was for the ten months ended December 31, 2011, while the current reporting period is for the three months ended March 31, 2012 with a comparative period for the three months ended February 28, 2011.

The Company did not issue condensed consolidated interim financial statements as at and for the nine months ended November 30, 2011.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Company Overview

Headquartered in Vancouver, Canada, the Company is a junior mining company focusing on the exploration and development of vanadium resources in the United States. The Company's primary exploration property is the Gibellini Property ("Gibellini"), located in Eureka County, Nevada, for which a feasibility study and an updated National Instrument 43-101 technical report were released in 2011.

Currently, the Company is focusing its operational resources on three primary initiatives:

1. Obtaining environmental permits required to mine the Gibellini ore deposit;
2. Evaluating the highest value uses for vanadium, including grid-scale energy storage; and
3. Securing short and long-term financing for operating and project requirements.

The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "AVC" and are quoted on the OTCQX under the symbol "AVCVF".

Changes in Officers and Directors

On April 2, 2012, the Company appointed Ron Espell to the position of Vice President, Environmental.

Mineral Property Overview

The following mineral property overview has been reviewed and approved by Alan Branham, a member of the American Institute of Professional Geologists (CPG#10979), a Certified Professional Geologist, and a "qualified person" as that term is defined in National Instrument 43-101.

Gibellini Property, Eureka County, Nevada

The Gibellini Property is approximately 4,254 acres in area and consists of 252 unpatented lode mining claims and seven placer claims. Of the unpatented lode claims, the Company holds 100% title to 200 claims. The remaining 52 claims are leased through on-going payments of US$144,000, annually. These payments are treated as prepayments of net smelter royalties on future mine production from the property. The Company also holds title to the seven placer claims.

American Vanadium conducted a drilling program to obtain samples for metallurgical testing and verification of historic drill data. All metallurgical test work was performed by McClelland Laboratories (McClelland), of Sparks, NV. The holes were sited and drilled north and south of the holes used for a 2008 preliminary economic assessment to obtain a spatial representation of the mineralization across Gibellini. Metallurgical analysis performed on mineral samples from Gibellini indicates that the property's unique disseminated, sedimentary deposit allows for simple, sulphuric acid heap leach processing.

The Company engaged AMEC of Sparks, Nevada to produce a feasibility study (the "Feasibility Study") and a National Instrument 43-101 compliant technical report (NI 43-101 Technical Report, Gibellini Vanadium Project, Nevada, USA by Hanson, Orbock, Hertel and Drozd, August 31, 2011) covering the Gibellini Hill and Louie Hill deposits on the Gibellini Property (the "Technical Report"). The Feasibility Study and Technical Report were released in 2011.

As part of the work program for the Feasibility Study, the Company completed a bulk sampling program in 2010, comprising the collection of samples from both oxide and transition vanadium zones from four different trenches on the project, and a two-phased diamond drill program. The first phase of diamond drilling obtained samples from 500 feet of core from each metallurgical types across six holes for a comprehensive metallurgical testing program. The second phase of diamond drilling resulted in geotechnical data that will provide information for design of the open pit, waste dump and access road designs.

American Vanadium and previous operators have drilled a total of 280 drill holes (51,265 ft) on Gibellini since 1946, comprising 16 core holes (4,046 ft), 169 rotary drill holes (25,077 ft; note not all drill holes have footages recorded) and 95 RC holes (22,142 ft).

The Technical Report shows that the Gibellini Hill deposit consists of:

- 120.5 million pounds of Proven and Probable vanadium pentoxide (“V_2O_5”) reserves from 20.0 million tons of ore at an average grade of 0.302%;
- 131.37 million pounds of Measured and Indicated V_2O_5 resources (inclusive of Proven and Probable reserves) from 23.05 million tons of ore at an average grade of 0.285%; and
- 49.42 million pounds of Inferred V_2O_5 resources from 14.23 million tons of ore at an average grade of 0.172%.

The Technical Report shows that the Louie Hill deposit consists of 41.87 million pounds of Inferred V_2O_5 resources from 7.67 million tons of ore at an average grade of 0.27%.

The Feasibility Study shows that an operating mine would have an after-tax net present value of US$170.1 million at a discount rate of 7%, and would generate an after-tax internal rate of return of 43%. Other highlights of the Feasibility Study are:

- 0.22 to 1 (waste:ore) strip ratio;
- 3.5 million tons mined per year;
- 65.9% average V_2O_5 recovery;
- 11.4 million pounds average annual V_2O_5 production;
- US$4.10 average operating cost of per pound of V_2O_5;
- US$95.5 million capital cost; and
- US$10.95 per pound average V_2O_5 selling price of over the life of mine.

The following operational, regulatory, and environmental steps have been taken in order to advance the Gibellini Project towards development:

1. In August 2011, the Company obtained the necessary rights for all water usage that is required to operate a mine.
2. In November 2011, the Company awarded Scotia International of Nevada, Inc. a contract to manage the basic and detailed engineering, procurement and construction processes required during to develop a mine. During the three months ended March 31, 2012, the Company recorded an expense of $72,889 for basic engineering work conducted under the scope of this agreement, and as at March 31, 2012, the Company had advanced installments and deposits totalling $1,438,192 towards future work.

3. In April 2012, Mr. Ron Espell was appointed Vice President, Environmental. Mr. Espell will lead the initial environmental permitting of the Gibellini Project, as well as ongoing environmental management.
4. The Company continues to work with the Bureau of Land Management and Nevada Department of Environmental Protection in preparing a Plan of Operation, which it intends to submit in 2012.

Del Rio and Hot Creek Projects, Eureka County, Nevada

In September 2010, the Company acquired mineral rights to the Del Rio Project ("Del Rio"), a vanadium project located approximately eight miles south of Gibellini. These wholly-owned mineral rights carry no royalty burden and were acquired by staking 120 unpatented lode claims on lands administered by the Bureau of Land Management. To date, work completed on Del Rio includes geologic mapping and sampling on the four square mile claim block. This work identified vanadium-bearing shale exposed at surface which is mineralized over 1,800 feet (550 metres) of strike and 1,200 feet (360 metres) of width. Five trenches were sampled in this target area. Mapping identified that all zones were oxidized with mineralogy that suggests targets on the Del Rio have potential for an enriched vanadium zone at depth. The oxidized zone had similar grades to the Gibellini deposit with one area containing over 1% V_2O_5 at the surface.

In 2010, a smaller vanadium prospect, Hot Creek, was also acquired by staking 18 claims south of Del Rio with vanadium bearing shale, similar in geologic setting to Gibellini. This prospect will be explored along with the Del Rio. Values up to 0.5% V_2O_5 have been found along a one kilometre long zone of favourable oxidized shale exposed along a ridge. The prospect appears to be located in a large thrust fault along the trend of Gibellini.

During the three months ended March 31, 2012, the Company did not incur any expenditure on these properties.

Financial Review

As an exploration-stage company, American Vanadium does not have any operating revenues and its accounting policy is to expense exploration and evaluation expenditures incurred until technical and economic feasibility on a specific property has been established and the Company has obtained sufficient financing to fund mine development. The Company has established the technical and economic feasibility on its primary mineral property, Gibellini, but does not have the funds required for development. As such, the Company has expensed all exploration and evaluation expenditures as incurred.

Significant financial statement balances, transactions and line items are as follows:

	March 31 2012	December 31 2011
	$	$
Balance Sheet:		
Cash	**2,584,829**	4,245,438
Total assets	**6,060,097**	7,494,268
Long-term liabilities	**-**	-

For the three months ended	**March 31 2012**	February 28 2011
	$	$
Operations:		
Exploration expenditures	**507,985**	1,303,304
Administrative costs		
General	**578,135**	328,483
Stock-based compensation	**95,088**	222,167
Foreign exchange loss	**45,383**	88,619
Interest income	**(4,228)**	(1,677)
Current income tax recovery	**-**	(175,306)
Net comprehensive loss	**(1,222,363)**	(1,765,590)
Basic and diluted loss per share	**(0.04)**	(0.09)
Dividends per share	**-**	-

Total assets

The decrease in total assets from $7.5 million as at December 31, 2011 to $6.1 million as at March 31, 2012 is primarily on cash expenditures for mineral exploration and evaluation, as well as for general and administrative purposes during the three months ended March 31, 2012.

Net comprehensive loss

Net comprehensive loss for the three months ended March 31, 2012 was $1.2 million, compared with net comprehensive loss of $1.8 million for the three months ended February 28, 2011. The decrease in net comprehensive loss is primarily owing to expenses of $543 thousand for the Feasibility Study and $409 thousand for water exploration on Gibellini that were incurred in the three months ended February 28, 2011, but not the three months ended March 31, 2012. The impact of these cost reductions were partially offset by increases in costs for basic engineering management and for general and administrative purposes, including:

- additional corporate staffing, which resulted in increases to salaries and benefits;
- consulting and travel costs incurred to identify and assess potential business partners and markets for vanadium;
- investor relations and shareholder information costs incurred to identify and evaluate potential sources of financing, and to support existing shareholders; and
- general office and administrative costs.

Results of Operations

Select expenses incurred by the Company are as follows:

For the three months ended	**March 31 2012**	February 28 2011
	$	$
Exploration and evaluation expenses	**507,985**	1,303,304
General and administrative expenses:		
Salaries and benefits	**219,768**	90,090
Consulting	**122,775**	57,748
Stock-based compensation	**95,088**	222,167
Travel	**70,526**	20,131
Investor relations and shareholder information	**54,524**	62,586
Office facilities and administrative costs	**47,640**	27,982
Other	**41,521**	56,635
Office and sundry	**21,381**	13,311
Loss before other items	**(1,181,208)**	(1,853,954)
Other items:		
Foreign exchange gain (loss)	**(45,383)**	(88,619)
Interest income	**4,228**	1,677
Loss before income taxes	**(1,222,363)**	(1,940,896)
Current income tax recovery	**-**	175,306
Net comprehensive loss	**(1,222,363)**	(1,765,590)

All exploration and evaluation expenses incurred for the three months ended March 31, 2012 relate to work conducted on Gibellini. These costs include: $125 thousand for metallurgical testing; $109 thousand for exploration, basic engineering and property maintenance; $101 thousand in environmental permitting; $100 thousand for geotechnical costs; and $72 thousand for office and administrative costs directly related to Gibellini.

Corporate-level activity increased in the three months ended March 31, 2012 compared with the three months ended February 28, 201, as the Company worked towards the development of Gibellini, as well as various financing and industry initiatives. As a result, the following cost increases were incurred:

- Salaries and benefits expense increased from $90 thousand to $220 thousand reflecting an increase in staff levels;
- Consulting expenses increased from $58 thousand to $123 thousand as the Company developed international industry relationships and evaluated potential future markets for vanadium; and
- Travel costs increased from $20 thousand to $71 thousand for the same period as the Company attended various international trade shows and industry conferences, and met with various industry participants.

Stock-based compensation for the three months ended March 31, 2012 was $95 thousand, compared with $222 thousand for the three months ended February 28, 2011. This decrease is owing to fewer options being granted or vesting in the current quarter than in the comparative period.

Financial Condition, Liquidity and Capital Resources

As at March 31, 2012, the Company's working capital was $3,784,687, including cash of $2,584,829, compared to working capital of $5,038,267 as at December 31, 2011. The decrease in the Company's working capital during the three months ended March 31, 2012 is cash expenditures for mineral exploration and evaluation, as well as for general and administrative purposes.

The Company has sufficient cash resources to cover administrative costs and property option payments for the coming year as well as additional exploration and feasibility-related costs for the Gibellini Project. However, additional funds will be required for the full development of a mine at Gibellini. Possible funding sources include equity or debt financing, and although the Company has been successful with its equity financings in the past, there is no assurance that future financing will be available or that financing terms will be attractive.

As of May 23, 2012, the Company has 27,643,397 common shares issued and outstanding. An additional 2,159,482 warrants are outstanding, exercisable into common shares at exercise prices ranging from $1.95 to $2.00 per share with various expiration dates, and there are 2,403,000 stock options outstanding of which 887,500 are currently vested and "in the money".

Summary of Quarterly Results:

For the Three or Four Months Ended	Exploration and Evaluation[2]	General Expenses[3]	Stock-based Compensation[3]	Interest Income[4]	Net Comprehensive Loss (Income)[5]	Basic and Diluted Loss (Income) Per Share
	$	$	$	$	$	$
March 31, 2012	507,985	578,135	95,088	(4,228)	1,222,363	0.04
December 31, 2011[1]	752,715	875,056	228,456	(8,588)	1,660,534	0.06
August 31, 2011	726,009	433,461	162,962	(7,193)	1,297,666	0.05
May 31, 2011	1,104,214	438,109	389,952	(2,897)	1,932,245	0.09
February 28, 2011	1,303,304	328,484	222,167	(1,677)	1,765,591	0.09
November 30, 2010	858,870	235,415	40,296	(2,580)	1,197,625	0.06
August 31, 2010	518,620	185,958	40,973	(1,288)	835,983	0.05
May 31, 2010	87,352	115,646	30,291	(7)	(788,915)	(0.04)

Explanatory Notes:

1. Due to its change in financial year-end from February 28 to December 31, the Company did not issue results for the three months ended November 30, 2011. Instead, the period ended December 31, 2011 is a four-month period.
2. Generally, exploration and evaluation costs have increased since the three months ended November 30, 2009, and reached a peak in the three months ended February 28, 2011 and May 31, 2011 as the Company incurred costs to complete the Feasibility Study. Subsequent to the release of the Feasibility Study in September 2011, exploration and evaluation costs have declined.
3. General expenses have also increased since November 30, 2010 as additional corporate-level support has been required to fund and facilitate mineral exploration and corporate development. Likewise, as

additional employees have been hired and stock options granted, there is a general trend to increasing stock-based compensation expense.

For the four months ended December 31, 2011, general expenses included $331 thousand in salaries and benefits, which itself included a bonus settled through the issuance of common shares valued at $79 thousand upon completion of the feasibility study. Also included in general expenses for this period are $163 thousand in consulting and $184 thousand in travel costs, related to the development of industry relationships and potential markets for vanadium, internationally. Stock-based compensation for the four months ended December 31, 2011 increased from the previous quarter as a result of stock options granted during the period to new employees.

4. The Company earns interest income from funds on deposit but has no operating revenue. Interest income is dependent upon the amount of funds on deposit and interest rates paid.
5. Net comprehensive income for the three months ended May 30, 2010 includes a valuation gain of $1,020,000 on shares held as short-term investments. These shares were disposed during the quarter ended August 31, 2010, so subsequent net comprehensive losses are related to exploration and evaluation costs, general expenses and stock-based compensation.

Transactions with Related Parties

During the three months ended March 31, 2012, a $19,500 (three months ended February 28, 2011 - $12,000) expense was recorded for office facilities, corporate and administrative services provided by a company jointly controlled by a director of the Company, of which $9,843 (December 31, 2011 - $12,290) is included in accounts payable and accrued liabilities.

During the three months ended March 31, 2012, a $45,000 expense (three months ended February 28, 2011 - $10,000) was recorded for consulting services provided by a company jointly controlled by a director of the Company. Included in accounts payable and accrued liabilities at March 31, 2012 is $17,215 (December 31, 2011 - $43,448) payable to this related company.

Included in prepaid expenses is $10,000 (December 31, 2011 - $10,000) advanced to the Chief Executive Officer of the Company for corporate expenses to be incurred on the Company's behalf. Included in accounts payable and accrued liabilities is a total of $2,691 (December 31, 2011 - $3,496) owing to this officer.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Financial Instruments and Risk Management

The Company's financial instruments comprise cash, amounts receivable, income tax receivable, reclamation deposit and accounts payable and accrued liabilities, and have arisen through the normal course of operations. The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

Currency risk

A portion of the Company's expenses are incurred in United States dollars and financial instrument balances are held in this currency. A significant change in the currency exchange rates between the Canadian dollar relative to the United States dollar could have a negative effect on the Company's results of operations, financial position or cash flows.

The Company has not hedged its exposure to currency fluctuations and, as at March 31, 2012, the Company held $1,292,951 (December 31, 2011 - $1,638,060) in United States dollars. A prolonged $0.10 increase (decrease) in the value of the Canadian dollar compared with the United States dollar would result in a $129,295 foreign exchange loss (gain) based on United States dollar holdings as at March 31, 2012.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company believes that these sources will be sufficient to cover the likely short term cash requirements and further funding will be required to meet long-term requirements.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company's cash is currently held in short-term interest bearing accounts which pay relatively low rates of interest, the Company considers the interest rate risk to be limited.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Outstanding Share Data

The following securities are outstanding at May 23, 2012:

Common shares issued and outstanding	27,643,397
Shares issuable on the exercise of outstanding stock options	2,403,000
Shares issuable on the exercise of share purchase warrants	2,159,482
Shares contingently issuable through completion of operational milestones	725,000

The Company's Board of Directors approved the additional issuance of up to 2,600,000 common shares in the Company (the "Compensation Shares") to the Company's Chief Executive Officer and one of its directors. The Compensation Shares would be issued when certain mine and business development milestones are met, subject to limitations that no more than 25% of the aggregate Compensation Shares may be issued in any single year, and that certain share-price targets are met. Approvals for the Compensation Shares by the Corporation's shareholders and the Exchange are pending.

Risks and Uncertainties

Exploration of mineral properties involves a high degree of risk and the successful achievement of a profitable operation cannot be assured. Costs of finding and evaluating an ore body are substantial, and may take several years to complete. The Company must overcome many risks associated with an early stage exploration property. Outstanding items to be completed include, but are not limited to, identification and quantification of a commercially viable ore body, confirmation of the Company's interest in the underlying claims and leases, completion of a feasibility study, funding of all costs related to a commercial operating venture, completion of the permitting process, detailed engineering and the procurement of a processing plant, and constructing a facility to support the property. Construction and operational risks including, but not limited to, equipment and plant performance, metallurgical, environmental, cost estimation accuracy, and workforce performance and dependability will all affect the profitability of an operating property.

External financing, primarily through the issuance of common shares will be required to fund its activities. There can be no assurance that it will be able to do so in the future.